

Senate File 2344 - Reprinted

SENATE FILE 2344

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2333)

(As Amended and Passed by the Senate April 1, 2014)

A BILL FOR

1 An Act relating to renewable fuels, by providing for biobutanol
2 and biobutanol blended gasoline, modifying the rate of
3 the E-15 plus gasoline promotion tax credit and extending
4 provisions for renewable fuel tax credits and a biodiesel
5 production refund, and including effective date and
6 retroactive applicability provisions.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

BIOBUTANOL AND BIOBUTANOL BLENDED GASOLINE

1
2
3 Section 1. Section 159A.2, subsection 1, Code 2014, is
4 amended to read as follows:

5 1. ~~"Biodiesel"~~ and "Biobutanol", "biobutanol blended
6 gasoline", "biodiesel", "biodiesel blended fuel", "ethanol",
7 "ethanol blended gasoline", and "renewable fuel" mean the same
8 as defined in section 214A.1.

9 Sec. 2. Section 159A.2, subsections 5 and 8, Code 2014, are
10 amended by striking the subsections.

11 Sec. 3. Section 159A.3, subsection 3, paragraph a, Code
12 2014, is amended to read as follows:

13 a. A chief purpose of the office is to further the
14 production and consumption of ethanol blended gasoline and
15 biobutanol blended gasoline in this state. The office shall
16 be the primary state agency charged with the responsibility
17 to promote public consumption of ethanol blended gasoline and
18 biobutanol blended gasoline.

19 Sec. 4. Section 159A.6, subsection 1, paragraph d, Code
20 2014, is amended to read as follows:

21 d. Promote the advantages related to the use of coproducts
22 derived from the production of renewable fuels, including the
23 use of coproducts used as livestock feed or meal. Promotions
24 shall be designed to inform the potential purchasers of the
25 advantages associated with using coproducts. The office shall
26 promote advantages associated with using coproducts of ethanol
27 and biobutanol production as livestock feed or meal to cattle
28 producers in this state.

29 Sec. 5. Section 214.1, subsection 1, Code 2014, is amended
30 to read as follows:

31 1. ~~"Biodiesel"~~, ~~"biodiesel fuel"~~, ~~"biofuel"~~, ~~"ethanol"~~,
32 ~~"motor fuel"~~, "Motor fuel", "retail dealer", "retail motor
33 fuel site", and "wholesale dealer" mean the same as defined in
34 section 214A.1.

35 Sec. 6. Section 214A.1, Code 2014, is amended by adding the

1 following new subsections:

2 NEW SUBSECTION. 2A. "*Biobutanol*" means isobutyl alcohol
3 that is to be blended with gasoline if it meets the standards
4 provided in section 214A.2.

5 NEW SUBSECTION. 2B. "*Biobutanol blended gasoline*" means a
6 formulation of gasoline which is a liquid petroleum product
7 blended with biobutanol, if the formulation meets the standards
8 provided in section 214A.2.

9 Sec. 7. Section 214A.1, subsections 6 and 23, Code 2014, are
10 amended to read as follows:

11 6. "*Biofuel*" means ethanol, biobutanol, or biodiesel.

12 23. "*Renewable fuel*" means a combustible liquid derived
13 from grain starch, oilseed, animal fat, or other biomass; or
14 produced from a biogas source, including any nonfossilized
15 decaying organic matter which is capable of powering machinery,
16 including but not limited to an engine or power plant.

17 Renewable fuel includes but is not limited to biofuel, ethanol
18 blended gasoline, biobutanol blended gasoline, or biodiesel
19 blended fuel meeting the standards provided in section 214A.2.

20 Sec. 8. Section 214A.1, subsection 32, unnumbered paragraph
21 1, Code 2014, is amended to read as follows:

22 "*Unleaded gasoline*" means gasoline, including ethanol
23 blended gasoline or biobutanol blended gasoline, if all of the
24 following applies:

25 Sec. 9. Section 214A.2, subsection 1, Code 2014, is amended
26 to read as follows:

27 1. The department shall adopt rules pursuant to chapter
28 17A for carrying out this chapter. The rules may include but
29 are not limited to specifications relating to motor fuel,
30 including but not limited to renewable fuel such as ethanol
31 blended gasoline, biobutanol blended gasoline, biodiesel,
32 biodiesel blended fuel, and motor fuel components such as an
33 oxygenate. In the interest of uniformity, the department shall
34 adopt by reference other specifications relating to tests and
35 standards for motor fuel, including renewable fuel and motor

1 fuel components, established by the United States environmental
2 protection agency and A.S.T.M. international.

3 Sec. 10. Section 214A.2, subsection 3, Code 2014, is amended
4 by adding the following new paragraph:

5 NEW PARAGRAPH. *c.* If the motor fuel is advertised for sale
6 or sold as biobutanol blended gasoline, the motor fuel must
7 comply with departmental standards which shall meet all of the
8 following requirements:

9 (1) Biobutanol must be an agriculturally derived isobutyl
10 alcohol that meets A.S.T.M. international specification
11 D7862 for butanol for blending with gasoline for use as
12 automotive spark-ignition engine fuel, or a successor A.S.T.M.
13 international specification, as established by rules adopted
14 by the department.

15 (2) Gasoline blended with biobutanol must meet requirements
16 established by rules adopted in part or in whole based on
17 A.S.T.M. international specification D4814.

18 Sec. 11. Section 214A.2, subsection 5, Code 2014, is amended
19 to read as follows:

20 5. a. Ethanol blended gasoline shall be designated E-xx
21 where "xx" is the volume percent of ethanol in the ethanol
22 blended gasoline ~~and biodiesel.~~

23 b. Biobutanol blended gasoline shall be designated
24 Bu-xx where "xx" is the volume percent of biobutanol in the
25 biobutanol blended gasoline.

26 c. Biodiesel fuel shall be designated B-xx where "xx" is the
27 volume percent of biodiesel.

28 Sec. 12. Section 214A.3, subsection 2, paragraph b, Code
29 2014, is amended by adding the following new subparagraph:

30 NEW SUBPARAGRAPH. (02) A person shall not knowingly falsely
31 advertise biobutanol blended gasoline by using an inaccurate
32 designation as provided in section 214A.2.

33 Sec. 13. Section 214A.5, subsection 2, Code 2014, is amended
34 to read as follows:

35 2. A wholesale dealer selling ethanol blended gasoline,

1 biobutanol blended gasoline, or biodiesel blended fuel to
2 a purchaser shall provide the purchaser with a statement
3 indicating its designation as provided in section 214A.2. The
4 statement may be on the sales slip provided in this section
5 or a similar document, including but not limited to a bill of
6 lading or invoice.

7 Sec. 14. Section 214A.16, subsection 1, Code 2014, is
8 amended by adding the following new paragraph:

9 NEW PARAGRAPH. *Od.* If biobutanol blended gasoline is sold
10 from a motor fuel pump, the motor fuel pump shall have affixed
11 a decal identifying the biobutanol blended gasoline.

12 DIVISION II

13 E-15 PLUS GASOLINE PROMOTION TAX CREDIT

14 Sec. 15. Section 422.11Y, subsection 4, paragraph b, Code
15 2014, is amended to read as follows:

16 *b.* The designated rate of the tax credit for the following
17 three periods within each calendar year is as follows:

18 ~~(1) For calendar year 2012, calendar year 2013, and calendar~~
19 ~~year 2014~~

20 (1) For the first period beginning January 1 and ending May
21 31, three cents.

22 (2) For the second period beginning June 1 and ending
23 September 15, ten cents.

24 ~~(3) For calendar year 2015, calendar year 2016, and calendar~~
25 ~~year 2017~~ the third period beginning September 16 and ending
26 December 31, two three cents.

27 Sec. 16. Section 422.11Y, subsection 9, Code 2014, is
28 amended to read as follows:

29 9. This section is repealed on January 1, ~~2018~~ 2020.

30 Sec. 17. Section 422.33, subsection 11D, paragraph c, Code
31 2014, is amended to read as follows:

32 *c.* This subsection is repealed on January 1, ~~2018~~ 2020.

33 Sec. 18. 2011 Iowa Acts, chapter 113, section 37, is amended
34 to read as follows:

35 SEC. 37. TAX CREDIT AVAILABILITY. For a retail dealer who

1 may claim an E-15 plus gasoline promotion tax credit under
2 section 422.11Y or 422.33, subsection 11D, as enacted in this
3 Act and amended in subsequent Acts, in calendar year ~~2017~~
4 2019, and whose tax year ends prior to December 31, ~~2017~~ 2019,
5 the retail dealer may continue to claim the tax credit in the
6 retail dealer's following tax year. In that case, the tax
7 credit shall be calculated in the same manner as provided in
8 section 422.11Y or 422.33, subsection 11D, as enacted in this
9 Act and amended in subsequent Acts, for the remaining period
10 beginning on the first day of the retail dealer's new tax year
11 until December 31, ~~2017~~ 2019. For that remaining period, the
12 tax credit shall be calculated in the same manner as a retail
13 dealer whose tax year began on the previous January 1 and who
14 is calculating the tax credit on December 31, ~~2017~~ 2019.

15 Sec. 19. EFFECTIVE DATE. This division of this Act, being
16 deemed of immediate importance, takes effect upon enactment.

17 Sec. 20. RETROACTIVE APPLICABILITY. Section 422.11Y,
18 as amended in this division of this Act, and section 422.33,
19 subsection 11D, as applied through section 422.11Y, as amended
20 in this division of this Act, apply retroactively to tax years
21 beginning on and after January 1, 2014.

22 DIVISION III

23 E-85 GASOLINE PROMOTION TAX CREDIT

24 Sec. 21. Section 422.110, subsection 8, Code 2014, is
25 amended to read as follows:

26 8. This section is repealed on January 1, ~~2018~~ 2020.

27 Sec. 22. Section 422.33, subsection 11B, paragraph c, Code
28 2014, is amended to read as follows:

29 c. This subsection is repealed on January 1, ~~2018~~ 2020.

30 Sec. 23. 2006 Iowa Acts, chapter 1142, section 49,
31 subsection 3, as amended in 2011 Iowa Acts, chapter 113,
32 section 20, is amended to read as follows:

33 3. For a retail dealer who may claim an E-85 gasoline
34 promotion tax credit under section 422.110 or 422.33,
35 subsection 11B, as enacted in this Act and amended in

1 subsequent Acts, in calendar year ~~2017~~ 2019 and whose tax
2 year ends prior to December 31, ~~2017~~ 2019, the retail dealer
3 may continue to claim the tax credit in the retail dealer's
4 following tax year. In that case, the tax credit shall be
5 calculated in the same manner as provided in section 422.110
6 or 422.33, subsection 11B, as enacted in this Act and amended
7 in subsequent Acts, for the remaining period beginning on the
8 first day of the retail dealer's new tax year until December
9 31, ~~2017~~ 2019. For that remaining period, the tax credit shall
10 be calculated in the same manner as a retail dealer whose tax
11 year began on the previous January 1 and who is calculating the
12 tax credit on December 31, ~~2017~~ 2019.

13 DIVISION IV

14 BIODIESEL BLENDED FUEL TAX CREDIT

15 Sec. 24. Section 422.11P, subsection 8, Code 2014, is
16 amended to read as follows:

17 8. This section is repealed January 1, ~~2018~~ 2020.

18 Sec. 25. Section 422.33, subsection 11C, paragraph c, Code
19 2014, is amended to read as follows:

20 c. This subsection is repealed on January 1, ~~2018~~ 2020.

21 Sec. 26. 2011 Iowa Acts, chapter 113, section 31, is amended
22 to read as follows:

23 SEC. 31. TAX CREDIT AVAILABILITY. For a retail dealer
24 who may claim a biodiesel blended fuel promotion tax credit
25 under section 422.11P or 422.33, subsection 11C, as amended
26 in this Act and amended in subsequent Acts, in calendar year
27 ~~2017~~ 2019, and whose tax year ends prior to December 31, ~~2017~~
28 2019, the retail dealer may continue to claim the tax credit in
29 the retail dealer's following tax year. In that case, the tax
30 credit shall be calculated in the same manner as provided in
31 section 422.11P or 422.33, subsection 11C, as amended in this
32 Act and amended in subsequent Acts, for the remaining period
33 beginning on the first day of the retail dealer's new tax year
34 until December 31, ~~2017~~ 2019. For that remaining period, the
35 tax credit shall be calculated in the same manner as a retail

1 dealer whose tax year began on the previous January 1 and who
2 is calculating the tax credit on December 31, ~~2017~~ 2019.

3

DIVISION V

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BIODIESEL PRODUCTION REFUND

5 Sec. 27. Section 423.4, subsection 9, paragraphs b and e,
6 Code 2014, are amended to read as follows:

7 *b.* The amount of the refund shall be calculated by
8 multiplying a designated rate by the total number of gallons
9 of biodiesel produced by the biodiesel producer in this state
10 during each quarter of a calendar year. The designated rate
11 shall be ~~as follows~~:

12 ~~(1) For the calendar year 2012, three cents.~~

13 ~~(2) For the calendar year 2013, two and one-half cents.~~

14 ~~(3) For the calendar year 2014, two cents.~~

15 *e.* This subsection is repealed on January 1, ~~2015~~ 2020.